

2010

30 July 2010

Aim

The Trust aims to achieve its objective by investing in mid-term endowment policies to provide capital growth over the planned life until the expected wind-up on 31st December 2010.

Risks & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

History

The Trust was launched in June 1998 as an efficient way for investors to participate in the mid-term endowment policy market, and has a wind-up date of December 2010. The Trust has invested in policies from a wide variety of UK life companies. These policies have been in force between 5 and 20 years, and will be held to maturity.

Fund Manager's Review



Rupert Marlow

demutualisations.

The Net Asset Value as at 30th June 2010 was 120.2p per share compared to 119.3p as at 31st March 2010.

As at 30th June 2010, the Trust had investments in policies valued at £11.1 million from a total of 22 with profits funds. During the 3 month period to 30th June 2010, the Trust has received proceeds of policy maturities amounting to approximately £5.3 million. The average annualised return on these policies was 2.6%, excluding benefits arising from

Key Information

Total Assets²:	£17.1m
No. of Shares (Ordinary 25p):	22,325,000
Share Price¹:	114.5p
Net Asset Value²:	120.2p
Premium/-Discount to NAV³:	-4.7%

All data source RCM (UK) Limited as at 30.07.10 unless otherwise stated.

Launch Date:	June 1998
Wind-up Date:	31 December 2010
AIC Sector:	Specialist Sector: Endowment Policies
Benchmark:	FTSE All-Share Index
Year end:	30 June
Annual Financial Report:	Final posted in September, Half-yearly posted in February
AGM:	November
Price Information:	Financial Times, The Daily Telegraph, www.rcm.com/investmenttrusts
Board of Directors:	Richard Wales (Chairman), David Manning (Chairman of the Audit Committee), Christopher Smart, Simon White
Investment Manager:	Rupert Marlow, Director RCM A company of Allianz Global Investors
Investor Services:	020 7065 1407

¹Source: Lipper as at 30.07.10, market close mid price.

²Data as at 30.06.10. The Trust releases NAVs on a quarterly basis. Estimated NAVs are published in the Financial Times and by Datastream and are not produced by the Company.

³A trust's net asset value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities.

Potential GRY and EMV (as at 30 July 2010)

Share Price	114.5p
GRY (50% Rises*)	-0.1%
GRY (current)	0.0%
GRY (50% Cuts*)	0.0%
GRY (100% Cuts*)	0.0%
EMV (50% Rises*)	122.9p
EMV (current)	118.7p
EMV (50% Cuts*)	114.5p
EMV (100% Cuts*)	110.4p

EMV = Estimated Maturity Value. GRY = Gross Redemption Yield. GRY is stated as a % figure and takes into account the price paid for the share and any capital gain or loss you might make on the share if it is held until the planned wind-up date of 31/12/2010. GRYs and EMVs are provided for illustrative purposes only and are in no way guaranteed and are estimates based on assumptions (including the maintenance of bonus rates) set out in the Annual Report. Maturity values may not necessarily fall within the estimated range given. No provision has been made for potential demutualisation proceeds in the future or winding-up expenses. Future bonuses will be influenced by future stock market returns. *Assuming immediate cuts/increases from current bonus rates. This Trust does not pay dividends therefore no running yield figure has been shown.

Projected Final Net Asset Values on Wind-up

(as at 30 June 2010 - latest NAV date)

150% Bonus Rates	121.5p
Current Bonus Rates	118.7p
50% Bonus Rates	116.0p
No further bonuses	113.3p

The figure of 118.7p per share reflects the value of the guaranteed benefits which have already accrued to 30th June 2010 after the deduction of all projected expenses prior to winding-up on 31st December 2010, including premiums, borrowings and costs associated with them. Projected final net asset values are calculated using the principal bases and assumptions set out in the Annual Report which, inter alia, assume no further changes in the life office bonus rates other than those immediate cuts in reversionary and terminal bonuses stated above, current gearing levels and interest rates, no further demutualisation receipts or death benefits and no further purchases or sales of policies. These illustrations are given to provide an indication of the sensitivity of the projected final net asset value to bonus rate changes. They should not be taken as forecasts of particular degrees of change in rate levels.

How to Invest?

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker.

RIC: AZD SEDOL: 0278175 ISIN: GB0002781754

Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website www.rcm.com/investmenttrusts or from the AIC at www.theaic.co.uk

Please note: Our Investment Trust Savings Plan was closed and transferred to Alliance Trust Savings on 29 February 2008. Alliance Trust can be contacted on 01382 573 737 or contact@alliancetrust.co.uk

Top Ten Holdings (%) (as at 30 Jun 2010 - latest NAV date)

Name	%
Standard Life	32.0
Legal & General	10.2
Scottish Provident	8.7
Scottish Widows	3.1
Friends Provident	2.5
AVIVA (Norwich Union)	1.4
Scottish Life	1.2
Prudential (Scottish Amicable)	1.0
Clerical Medical	0.9
AVIVA (Commercial Union)	0.7
Total	61.7

Performance

Five Year Trust Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	0.88	3.85	9.57	-0.65	37.13
Benchmark	-5.17	2.06	15.38	-17.44	2.67

Standardised Past Performance (%)

From	30.06.05	30.06.06	29.06.07	30.06.08	30.06.09
To	30.06.06	29.06.07	30.06.08	30.06.09	30.06.10
Share Price	18.07	20.66	-7.40	-4.57	7.89

Source: Lipper, percentage growth, mid to mid, capital return, to 30.07.10

Benchmark: FTSE All-Share Index

Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

Past performance is not a reliable indicator of future performance. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested.

All data source RCM (UK) Limited as at 30.07.10 unless otherwise stated.

Issued by RCM (UK) Limited. Authorised and regulated by the Financial Services Authority. The information contained herein including any expression of opinion is for information purposes only and is given on the understanding that it is not a recommendation and anyone who acts on it, or changes their opinion thereon, does so entirely at their own risk. The opinions expressed are based on information which we believe to be accurate and reliable, however, these opinions may change without notice.